

Consolidated Financial Results
for the Nine Months Ended December 31, 2018
<under J-GAAP>

Company name: **Toyo Suisan Kaisha, Ltd.**
Listing: First Section of the Tokyo Stock Exchange
Securities code: 2875
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Scheduled date of filing of quarterly securities report: February 13, 2019
Scheduled date of start of dividend payment: –
Preparation of quarterly results presentation materials: Yes
Holding of quarterly results briefing meeting: None

(Amounts less than one million yen have been omitted.)

1. Consolidated Operating Results for the First Nine Months of FY2019
(from April 1, 2018 to December 31, 2018)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

Nine months ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Dec. 31, 2018	306,121	2.2	19,797	(11.2)	21,655	(9.9)	14,736	(9.4)
Dec. 31, 2017	299,479	1.7	22,306	(8.0)	24,045	(6.9)	16,273	(5.7)

Note: Comprehensive income Nine months ended December 31, 2018: 18,514 million yen [(6.8)%]
Nine months ended December 31, 2017: 19,854 million yen [(6.2)%]

Nine months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Dec. 31, 2018	144.30	–
Dec. 31, 2017	159.34	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2018	387,649	303,118	75.4
As of Mar. 31, 2018	371,842	290,881	75.3

Reference: Equity

As of December 31, 2018: 292,120 million yen

As of March 31, 2018: 279,907 million yen

Note: Toyo Suisan Kaisha, Ltd. (the “Company”) and its consolidated subsidiaries have applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending March 31, 2019. The results for the fiscal year ended March 31, 2018 are those after retrospective application.

2. Dividends

	Full Year Dividends				
	1 st quarter-end	2 nd quarter-end	3 rd quarter-end	Year-end	For the year
	Yen	Yen	Yen	Yen	Yen
FY2018	–	30.00	–	30.00	60.00
FY2019	–	30.00	–		
FY2019 (Forecast)				30.00	60.00

Note: Revisions to the dividends forecasts most recently announced: None

3. Consolidated Results Forecasts for FY2019 (from April 1, 2018 to March 31, 2019)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	405,000	4.2	25,500	(4.3)	27,500	(3.8)	19,100	3.6	187.02

Note: Revisions to the results forecasts most recently announced: None

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of specific accounting procedures for preparation of the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - a. Changes in accounting policies due to amendments to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatement: None

(4) Number of shares issued (common stock)

a. Number of shares issued at end of period (including treasury shares)

As of December 31, 2018	110,881,044 shares
As of March 31, 2018	110,881,044 shares

b. Number of treasury shares at end of period

As of December 31, 2018	8,752,134 shares
As of March 31, 2018	8,751,898 shares

c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2018	102,129,080 shares
Nine months ended December 31, 2017	102,129,322 shares

* Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.

* Explanation related to the appropriate use of the results forecasts and other items warranting special mention

(Caution regarding forward-looking statements)

Forward-looking statements in this document, including the results forecasts, etc., are based on the information available as of the date of the release of this document and the preconditions that the Company deemed to be reasonable; they are not meant to be a commitment by the Company, and a variety of factors in the future may cause actual results to differ materially from these forecasts. Please refer to Section: “(3) Explanation of forward-looking information, including consolidated results forecasts” of “1. Qualitative Information on Quarterly Consolidated Financial Results for the Nine Months Ended December 31, 2018” on page 3 of the attachments for the preconditions for the results forecasts and items to exercise caution in the use of these results forecasts.

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1. Qualitative Information on Quarterly Consolidated Financial Results for the Nine Months Ended December 31, 2018

(1) Explanation of the consolidated operating results

During the nine months ended December 31, 2018, although the Japanese economy continued to recover at a gradual pace, on the back of continuing results from various economic measures and improvements in the employment and income environments, the economy continued to be exposed to downside risks from the impact of trade problems on the global economy, uncertainties in the overseas economies and from fluctuation in the financial and capital markets.

Under these circumstances, the Toyo Suisan Group (hereafter, the “Group”), has remained committed to its mission “to contribute to society through foods” and “to provide safe and secure foods and services to customers” under the corporate slogan of “Smiles for All.” The Group continued to implement further cost reductions and promoted aggressive sales activities in its efforts to face an increasingly competitive sales environment.

As a result, net sales were ¥306,121 million (up 2.2% year on year), operating profit was ¥19,797 million (down 11.2% year on year), ordinary profit was ¥21,655 million (down 9.9% year on year), and profit attributable to owners of parent was ¥14,736 million (down 9.4% year on year) for the period under review.

The foreign exchange rate for the period was ¥111.02 to the U.S. dollar (¥113.00 to the U.S. dollar for the corresponding period of the previous fiscal year).

The operating results by segment are as follows.

In the Seafood Segment, although the Group focused on selling products at reasonable prices amid continued rises in the price of fish for overseas species such as salmon and trout, fish eggs, mackerel, etc. as well as rises in the price of fish caught in waters close to Japan such as mackerel, squid and other species on account of diminishing fish catches, its sales volume diminished, particularly for salmon and trout, fish eggs, and tuna products. As a result, segment sales were ¥23,138 million (down 5.4% year on year), while segment profit was ¥251 million (down 29.2% year on year).

As for the Overseas Instant Noodles Segment, sales increased in the U.S. owing to the strengthening of in-store display promotions such as “back-to-school” sales and mass-display campaigns, and the boosting of marketing activities using SNS and so forth. In addition to favorable sales of the bag-type noodle product *Ramen*, and the cup-type noodle product *Instant Lunch*, our signature products, we boosted sales of our *Yakisoba* series, and *Bowl* series by actively launching new flavors. In Mexico, sales increased thanks to favorable orders of cup-type noodles, our signature products from wholesaler distribution routes, and a contribution by stable exchange rates for local currencies. As a result, segment sales were ¥61,307 million (up 7.4% year on year). Segment profit was ¥6,778 million (down 19.4% year on year) due to the increases in raw materials costs, personnel expenses, and distribution costs.

In the Domestic Instant Noodles Segment, the Group increased sales in cup-type noodles from strong sales of its Japanese-style series such as *Akai Kitsune Udon*, whose 40th anniversary since its launch was promoted, and *Midori no Tanuki Ten Soba* as well as *MARUCHAN QTTA* series and *Gotsu Mori* series, to both of whose lineups we added new items. In bag-type noodles, despite efforts to generate demand by introducing new flavors to the *Maruchan Seimen* series, sales declined. As a result, segment sales were ¥98,351 million (down 0.5% year on year). Segment profit was ¥6,831 million (up 1.4% year on year), mainly due to the reduction of advertising expenses, despite an increase in distribution costs and other factors.

In the Frozen and Refrigerated Foods Segment, sales increased thanks to not only robust sales in fresh noodles for our signature product *Maruchan Yakisoba (Three-Meal Package)* series, but also significant growth in sales for new product *Pari-Pari Mugen* series, which offers a very tasty way to eat vegetables, new product *Tsuruyaka* series, whose preparation simply requires separating the noodles by water, and *Koku no Itteki* series, which was launched last year. Among frozen and chilled foods, sales were strong for collaboration products, new products such as those offered for a limited time only, and a household *Rice Burger*. As a result, segment sales were ¥52,778 million (up 0.7% year on year). Segment profit was ¥3,667 million (down 11.1% year on year) due to an increase in raw materials costs and other expenses.

In the Processed Foods Segment, the packaged cooked rice and freeze-dried products markets continued to expand through increased opportunities for consumption accompanying changes in lifestyles. Amid this background, our new factories began operations, leading to increases in production capacity. This allowed us to execute aggressive sales promotion activities, including the launch of new products and consumer campaigns, leading to increased sales. As a result, segment sales were ¥17,212 million (up 6.5% year on year). The segment reported a segment loss of ¥590 million (compared with a segment profit of ¥327 million in the corresponding

period of the previous fiscal year) owing to the increases mainly in depreciation associated with the start of operations of the new factories.

In the Cold-Storage Segment, the Heiwajima Cold-Storage Facility that was opened in March 2018 saw a satisfactory start to operations. In addition, our aggressive sales activities resulted in robust sales to both new and existing customers from trade centered on frozen food and trade in incidental businesses such as customs clearance and transportation. As a result, segment sales were ¥14,100 million (up 3.7% year on year), while segment profit was ¥1,690 million (down 1.7% year on year), due to increases mainly in personnel expenses.

The Other Business Segment consists of mainly the packed lunch/deli food business. Segment sales were ¥39,231 million (up 6.1% year on year), while segment profit was ¥1,648 million (up 26.4% year on year).

(2) Explanation of the consolidated financial position

At the end of the third quarter of the fiscal year ending March 31, 2019, total assets increased by ¥15,806 million from the previous fiscal year-end to ¥387,649 million, and net assets increased by ¥12,237 million to ¥303,118 million. The main factors contributing to these results are as follows:

The main contributing factors for assets were increases in cash and deposits, notes and accounts receivable - trade, buildings and structures, and machinery, equipment and vehicles, in spite of a decrease in securities. The main contributing factor for liabilities was an increase in notes and accounts payable - trade. The main contributing factors for net assets were increases in retained earnings and foreign currency translation adjustment.

As a result of these factors, the equity ratio was 75.4%.

The Company and its consolidated subsidiaries have applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending March 31, 2019. In its treatment of the fiscal year ended March 31, 2018, the Company and its consolidated subsidiaries retrospectively apply the aforementioned accounting changes to perform comparative analysis.

(3) Explanation of forward-looking information, including consolidated results forecasts

The Company has not changed its consolidated results forecasts for the fiscal year ending March 31, 2019, as announced on May 11, 2018, because the results for the first nine months were within its expectations. Should any changes occur in the future, the relevant information will be duly disclosed.

2. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of end FY2018 (March 31, 2018)	As of end 3Q FY2019 (December 31, 2018)
Assets		
Current assets		
Cash and deposits	75,770	80,437
Notes and accounts receivable - trade	54,161	65,242
Securities	43,000	32,000
Merchandise and finished goods	18,281	18,003
Work in process	329	331
Raw materials and supplies	5,214	6,578
Other	4,409	3,796
Allowance for doubtful accounts	(402)	(603)
Total current assets	200,763	205,786
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	57,777	62,818
Machinery, equipment and vehicles, net	30,516	33,897
Land	35,345	35,617
Leased assets, net	2,974	2,799
Construction in progress	8,305	11,583
Other, net	1,179	1,355
Total property, plant and equipment	136,098	148,071
Intangible assets		
Other	1,738	1,724
Total intangible assets	1,738	1,724
Investments and other assets		
Investment securities	31,316	29,965
Deferred tax assets	993	1,108
Net defined benefit asset	70	79
Other	1,192	912
Allowance for doubtful accounts	(331)	-
Total investments and other assets	33,241	32,066
Total non-current assets	171,078	181,862
Total assets	371,842	387,649

(Millions of yen)

	As of end FY2018 (March 31, 2018)	As of end 3Q FY2019 (December 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	26,036	29,285
Short-term loans payable	285	382
Lease obligations	229	255
Accrued expenses	21,082	21,965
Income taxes payable	2,614	1,364
Provision for directors' bonuses	66	38
Provision for removal cost of property, plant and equipment	16	–
Other	2,744	2,671
Total current liabilities	53,075	55,964
Non-current liabilities		
Lease obligations	3,766	3,717
Deferred tax liabilities	2,432	3,180
Provision for directors' retirement benefits	279	293
Net defined benefit liability	19,231	18,884
Asset retirement obligations	215	215
Other	1,960	2,273
Total non-current liabilities	27,885	28,566
Total liabilities	80,961	84,530
Net assets		
Shareholders' equity		
Capital stock	18,969	18,969
Capital surplus	22,942	22,942
Retained earnings	240,580	249,189
Treasury shares	(8,227)	(8,228)
Total shareholders' equity	274,265	282,873
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,680	9,063
Deferred gains or losses on hedges	(39)	(22)
Foreign currency translation adjustment	(1,941)	2,077
Remeasurements of defined benefit plans	(2,057)	(1,871)
Total accumulated other comprehensive income	5,642	9,247
Non-controlling interests	10,974	10,997
Total net assets	290,881	303,118
Total liabilities and net assets	371,842	387,649

(2) Quarterly consolidated statements of income and comprehensive income
 Quarterly consolidated statements of income (Cumulative)

(Millions of yen)

	3Q FY2018 (from April 1, 2017 to December 31, 2017)	3Q FY2019 (from April 1, 2018 to December 31, 2018)
Net sales	299,479	306,121
Cost of sales	185,791	192,728
Gross profit	113,687	113,393
Selling, general and administrative expenses	91,380	93,595
Operating profit	22,306	19,797
Non-operating income		
Interest income	831	1,200
Dividend income	415	438
Share of profit of entities accounted for using equity method	112	125
Rent income	253	252
Foreign exchange gains	71	–
Miscellaneous income	520	414
Total non-operating income	2,206	2,431
Non-operating expenses		
Interest expenses	195	189
Cost of lease revenue	46	38
Compensation expenses	88	11
Foreign exchange losses	–	9
Provision of allowance for doubtful accounts	41	191
Miscellaneous loss	95	132
Total non-operating expenses	467	573
Ordinary profit	24,045	21,655
Extraordinary income		
Gain on sales of non-current assets	34	10
Gain on sales of investment securities	0	232
Subsidy income	–	250
Other	3	81
Total extraordinary income	38	574
Extraordinary losses		
Loss on sales and retirement of non-current assets	664	262
Loss on valuation of shares of subsidiaries and associates	145	–
Impairment loss	10	176
Loss on disaster	–	128
Other	3	48
Total extraordinary losses	824	616
Profit before income taxes	23,259	21,613
Income taxes - current	6,973	5,526
Income taxes - deferred	(316)	899
Total income taxes	6,656	6,426
Profit	16,603	15,187
Profit attributable to non-controlling interests	329	450
Profit attributable to owners of parent	16,273	14,736

Quarterly consolidated statements of comprehensive income (Cumulative)

(Millions of yen)

	3Q FY2018 (from April 1, 2017 to December 31, 2017)	3Q FY2019 (from April 1, 2018 to December 31, 2018)
Profit	16,603	15,187
Other comprehensive income		
Valuation difference on available-for-sale securities	2,346	(884)
Deferred gains or losses on hedges	7	17
Foreign currency translation adjustment	637	4,019
Remeasurements of defined benefit plans, net of tax	220	204
Share of other comprehensive income of entities accounted for using equity method	39	(29)
Total other comprehensive income	3,251	3,327
Comprehensive income	19,854	18,514
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	19,268	18,342
Comprehensive income attributable to non- controlling interests	586	171

(3) Notes to quarterly consolidated financial statements

(Notes on going concern assumptions)

Not applicable

(Notes in the event of substantial changes in shareholders' equity)

Not applicable

(Additional information)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidances)

The Company and its consolidated subsidiaries have applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter of the fiscal year ending March 31, 2019. Accordingly, deferred tax assets were presented under "Investments and other assets" and deferred tax liabilities were presented under "Non-current liabilities."

(Segment information)

I. Nine months ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

1. Information relating to net sales, profit and loss by each reportable segment

(Millions of yen)

	Reportable segment							Other (Note 1)	Total	Adjust- ments (Note 2)	Amount reported on quarterly consoli- dated financial statements (Note 3)
	Seafood Segment	Overseas Instant Noodles Segment	Domestic Instant Noodles Segment	Frozen and Refrigerated Foods Segment	Processed Foods Segment	Cold- Storage Segment	Total				
Net sales											
Net sales to outside customers	24,472	57,061	98,801	52,414	16,162	13,598	262,510	36,968	299,479	–	299,479
Intersegment sales or transfers	768	–	–	–	–	749	1,518	182	1,700	(1,700)	–
Total	25,240	57,061	98,801	52,414	16,162	14,347	264,028	37,151	301,179	(1,700)	299,479
Segment profit	354	8,413	6,739	4,126	327	1,719	21,681	1,303	22,985	(678)	22,306

Notes: 1. The Other Business Segment is one which is not among the reportable segments and refers to a business which is mainly involved in the packed lunch/deli food business.

2. The negative ¥678 million in segment profit adjustments includes companywide expenses of negative ¥876 million which have not been allocated to each reportable segment, a negative ¥30 million adjustment to inventories, and other adjustments of ¥228 million. Companywide expenses refer mainly to general and administrative expenses which do not belong to any reportable segment. Other adjustments are mainly for offset and elimination of knowhow fees from overseas subsidiaries at account closing.

3. Segment profit is adjusted at the operating profit level on the quarterly consolidated financial statements.

2. Information relating to impairment loss on non-current assets or goodwill for each reportable segment
Statement omitted due to the immateriality of the amount.

II. Nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

1. Information relating to net sales, profit and loss by each reportable segment

(Millions of yen)

	Reportable segment							Other (Note 1)	Total	Adjust- ments (Note 2)	Amount reported on quarterly consoli- dated financial statements (Note 3)
	Seafood Segment	Overseas Instant Noodles Segment	Domestic Instant Noodles Segment	Frozen and Refrigerated Foods Segment	Processed Foods Segment	Cold- Storage Segment	Total				
Net sales											
Net sales to outside customers	23,138	61,307	98,351	52,778	17,212	14,100	266,890	39,231	306,121	–	306,121
Intersegment sales or transfers	799	–	–	–	–	794	1,593	67	1,661	(1,661)	–
Total	23,938	61,307	98,351	52,778	17,212	14,894	268,483	39,299	307,782	(1,661)	306,121
Segment profit (loss)	251	6,778	6,831	3,667	(590)	1,690	18,627	1,648	20,276	(479)	19,797

Notes: 1. The Other Business Segment is one which is not among the reportable segments and refers to a business which is mainly involved in the packed lunch/deli food business.

2. The negative ¥479 million in segment profit or loss adjustments includes companywide expenses of negative ¥889 million which have not been allocated to each reportable segment, a ¥24 million adjustment to inventories, and other adjustments of ¥386 million. Companywide expenses refer mainly to general and administrative expenses which do not belong to any reportable segment. Other adjustments are mainly for offset and elimination of knowhow fees from overseas subsidiaries at account closing.

3. Segment profit or loss is adjusted at the operating profit level on the quarterly consolidated financial statements.

2. Information relating to impairment loss on non-current assets or goodwill for each reportable segment
Statement omitted due to the immateriality of the amount.